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February 20, 2008

AGENDA ITEM 4f

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** CalPERS Pharmacy Plan Customer Satisfaction Survey
- II. PROGRAM:** Health Benefits, Public Affairs
- III. RECOMMENDATION:** Information Only
- IV. BACKGROUND:**

In response to the Health Benefits Committee's request for an independent evaluation of pharmacy plan customer satisfaction, the Office of Public Affairs and the Health Benefits Branch retained Michael Strategic Analysis to conduct a telephone survey of a percentage of members registered in any of the three CalPERS pharmacy plans who had ordered one or more prescriptions through any of these plans during 2007. Some 75 percent of all CalPERS members covered by a CalPERS health plan filled at least one prescription. The other 25 percent did not have a prescription filled through any of the three pharmacy plans in 2007. Surveyed were 400 respondents for each of the three plans, for a total response by 1,200 members.

Administration of the Survey

The survey was administered through a 59-question survey instrument. The survey was administered by telephone during the weeks of January 7 and 14, 2008. Survey data were analyzed by Michael Strategic Analysis proprietary survey analysis software customized for this survey, who further analyzed the results through personal inspection and analysis of results. Michael Strategic Analysis indicated there were no difficulties encountered in administering the survey or in tabulating or analyzing results.

Sub-Samples and Sub-Sub-Samples

The 1,200 survey responses were gathered in groups of 400 for each of the three CalPERS pharmacy plans — Blue Shield, Kaiser and Medco. These three sub-samples were each disaggregated into 200 respondents who are registered as

Basic CalPERS health plan members and 200 respondents registered as Supplement-to-Medicare CalPERS health plan members for totals of 600 each across the three pharmacy plans. Sample disaggregations are shown as follows.

	Medco	Blue Shield	Kaiser	Totals
Basic	200	200	200	600
Supplement to Medicare	200	200	200	600
Totals	400	400	400	1,200

Survey Sample Is Older By Design

Because survey sample design was restricted to members who had had a prescription filled in 2007, sample demographics were considerably different from overall demographics of CalPERS members. Since prescription drug use increases with age, the sample resulted in an average age in the sixties even for Basic health plan members. Because the survey sample was older, its incomes are higher and the proportion of retirees among Basic health plan members is higher than for CalPERS members or Basic health plan members as a whole. These differences were to be expected as a result of the sample design and are important to keep in mind when interpreting the survey's findings.

The report is attached. Below is Michael Strategic Analysis' summary of the report's findings.

V. ANALYSIS:

The survey measured knowledge, attitudes and practices of the 1,200 CalPERS members surveyed and customer satisfaction with the three pharmacy plans. Statistical results provided in our full report may generally be used with high confidence and taken at face value. Comparisons of results across two survey questions can be made with weaker confidence and should be more cautiously interpreted.

Outstanding Customer Satisfaction Ratings

Collectively, ratings resulting from this survey are the highest customer satisfaction ratings ever seen by Michael Strategic Analysis in years of customer satisfaction surveys. The most obvious finding from the survey is the outstanding overall level of customer satisfaction expressed by survey respondents to the three pharmacy plans.

While there was an expected spread of ratings, none was even average and the most common rating by far was a full ten on the one-to-ten customer satisfaction scale widely used in the survey.

The Move to Generic Drugs Appears Strong

Survey results concerning generic drugs show good effort by the three pharmacy plans in educating members about generic drugs and a majority of respondents having made a switch. About three-fourths of respondents report having had their pharmacy plan offer information on generic drugs, and about two respondents in five had queried pharmacy plans on their own regarding generic drugs. More than three in five respondents had made a switch to generic drugs.

Medco Sets the Pace in Promoting Mail Order Prescription Fulfillment

Medco experienced particular success in migrating its members away from having prescriptions filled at walk-in pharmacies, where costs are typically higher, toward mail-order prescriptions filled directly by the pharmacy plan. Two-thirds of Medco survey respondents' prescriptions were filled by mail order, about double the rate for the two other plans. *A key survey finding is the potential for all three pharmacy plans to accelerate use of mail order fulfillment.*

Kaiser and Medco Excel in Customer Satisfaction

While overall customer satisfaction was uniform from pharmacy plan to pharmacy plan for prescriptions filled at walk-in pharmacies, it varied for prescriptions filled by mail order, with satisfaction of Kaiser and Medco members especially high. This is true for all three methods of placing an order directly with a pharmacy plan — at the plan's web site, by telephone or by mail-in form. Customer satisfaction regarding placing orders directly with Kaiser and Medco centered on ease of use of their web sites, acceptable delivery times for mail-in orders and easier telephone orders. Despite Blue Shield's relatively lower customer satisfaction in these regards compared to the two other pharmacy plans, its ratings still would be regarded as high.

Other Key Findings

Respondents using specialty drugs — those involving a chronic disease, high cost, special handling or distribution, closer case management or careful monitoring by a doctor or nurse — gave uniformly high ratings to all aspects surveyed regarding provision of specialty drugs.

Despite CalPERS having held the line on copayments in recent years, the only relatively frequent suggestion respondents made regarding how CalPERS might improve pharmacy service dealt with lower prices and copayments.

The CalPERS member databases provided to Michael Strategic Analysis for contacting respondents proved to be entirely accurate regarding plan classification and prescription drug use during 2007.

Opportunities to Improve Pharmacy Plan Customer Satisfaction

- Encourage all three pharmacy plans to find ways to get customers to increase their use of the plans' Web sites or the telephone for faster and less expensive delivery to fill prescriptions.
- Encourage all three pharmacy plans to improve frustrating auto-attendant systems and long on-hold times for prescriptions ordered by telephone, especially for Supplement-to-Medicare members who, being older, often require closer attention from a pharmacy plan when ordering by telephone.
- Blue Shield contracted with a new mail order fulfillment vendor as of January 1, 2008. This should address lower Blue Shield customer satisfaction in 2007 [the period covered by the survey] in getting prescriptions filled by mail order for all three means of order placement. Encourage Blue Shield to check for improved customer satisfaction during 2008.
- Conduct pharmacy plan customer satisfaction surveys biennially.

VI. STRATEGIC PLAN:

This item supports CalPERS Strategic Plan Goal 10 – “Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers”

VI. RESULTS/COSTS:

This is an information item only.

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Attachments